

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF TAYLOR COUNTY RURAL ELECTRIC	)	
COOPERATIVE CORPORATION TO BORROW AN	)	
ADDITIONAL SUM OF \$4,479,000 FROM THE UNITED	)	
STATES OF AMERICA AND TO EXECUTE A NOTE FOR	)	
SAID AMOUNT AND TO CONCURRENTLY BORROW	)	CASE NO.
FROM ITS SUPPLEMENTAL LENDER, COBANK, THE	)	95-226
ADDITIONAL SUM OF \$1,919,000 AND TO EXECUTE	)	
ITS NOTE THEREFOR, SAID NOTES TO BE SECURED	)	
BY AN EXISTING COMMON MORTGAGE HERETOFORE	)	
EXECUTED	)	

O R D E R

Taylor County Rural Electric Cooperative Corporation ("Taylor County") filed its application on May 18, 1995 for approval to borrow \$1,919,000 from the National Bank for Cooperatives ("CoBank"), and to execute its notes for such loan. The proceeds of this loan will finance Taylor County's 1995-1997 Work Plan.<sup>1</sup> This Work Plan calls for improvements and additions described in the application, which are estimated to cost \$6,398,000 and are to be financed by a \$4,479,000 loan from the Rural Utilities Service ("RUS") and the \$1,919,000 loan from CoBank.

On May 18, 1995, Taylor County filed a copy of correspondence received from RUS approving the loan.

On June 19, 1995, Taylor County filed a copy of correspondence received from CoBank approving the loan.

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<sup>1</sup> Case No. 95-125, Application of Taylor County Rural Electric Cooperative Corporation for Certificate of Public Convenience and Necessity, is pending approval.

The Commission, after consideration of the evidence of record and being advised, finds that:

1. The proposed loan from CoBank is for lawful objects within the corporate purposes of Taylor County, is necessary and appropriate for and consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonable, necessary and appropriate for such purposes.

2. Taylor County is capable of executing its notes as security for the loan as stated herein.

3. Taylor County should select the interest rate program which will result in the net lowest cost of money to it over the term of the financing.

4. Within 10 days of its selection of the interest rate program, Taylor County should notify the Commission in writing of the interest rate program selected and of the reasons for its selection.

5. The proceeds from the proposed loans should be used for the lawful purposes set out in Taylor County's application and for other general corporate purposes.

6. Taylor County should include in its monthly financial report to the Commission the current interest rate on its outstanding variable rate loans.

7. As the issuance of securities or evidences of indebtedness subject to the control of a federal governmental agency does not require Commission approval, KRS 278.300(10), and

as the RUS is an agency of the federal government, no action on Taylor County's proposed loan from the RUS is required.

IT IS THEREFORE ORDERED that:

1. Taylor County be and it hereby is authorized to borrow \$1,919,000 from CoBank for a 33-year period bearing either a fixed or variable rate, as chosen by Taylor County at the time the first monies are drawn from CoBank, subject to the provisions and terms of the application with respect to renegotiation of the interest rate.


2. Taylor County be and it hereby is authorized to execute its notes as security for the loan herein authorized.

3. Taylor County shall comply with all matters set out in Findings 3 through 6 as if they were individually so ordered.


Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 25th day of July, 1995.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director